

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Initiative to Review and Revise the Existing :
Low-Income Usage Reduction Program (LIURP) : Docket No. L-2016-2557886
Regulations at 52 Pa. Code §§ 58.1-58.18 :

Comments of the Consumer Advisory Council Regarding the Commission’s Low Income Usage Reduction Program (LIURP) Notice of Proposed Rulemaking, Docket No. L-2016-2557886

The Consumer Advisory Council is responsible for advising the Pennsylvania Public Utility Commission (Commission) on matters relating to the protection of consumer interests and is encouraged to provide advice and input that will aid the Commission in pursuit of its regulatory duties. 52 Pa. Code § 91.2.

At our July 25, 2023 meeting, pursuant to this regulatory charge, the Consumer Advisory Council unanimously approved a motion for the Council to develop consensus recommendations regarding proposed amendments to Chapter 58 of the Commission’s regulations, which govern the Low Income Usage Reduction Program (LIURP).

LIURP is a critically important program that helps reduce energy insecurity for economically vulnerable households through the provision of comprehensive energy efficiency, conservation, and weatherization services. Effective delivery of LIURP services can drive a host of benefits for individuals, families, communities, and other ratepayers. This includes improved health, safety, and home comfort; reduced delinquencies and collections costs; reduced universal service costs; and reduced peak demand.

The Council notes from the outset that the Commission’s proposed rulemaking is based on comments solicited in 2016 – seven years before releasing the proposed rulemaking. The energy landscape has changed dramatically since 2016. Efficiency technologies have advanced, energy costs have risen, and new programs and delivery models have emerged. Increasing extreme temperatures in both summer and winter are driving unique needs that were not at the forefront of energy policy in 2016 – but are front and center today. Further transformative changes are on the horizon as Inflation Reduction Act investments drive a rapid transition toward home electrification and expanded reliance on distributed generation. Given this rapidly evolving energy landscape, we encourage the Commission to remain open and responsive to a wide range of comments and recommendations on issues not previously addressed in 2016.

The Consumer Advisory Council supports many of the proposed amendments contained in the proposed regulations. Specifically, we support proposed revisions to 58.1, 58.2, and 58.4(a.1) designed to ensure LIURP can serve a greater number of special needs households with income up to 200% of the Federal Poverty Level (FPL). These amendments will help ensure the program reaches a greater number of households that cannot reasonably afford to adopt energy efficiency and conservation measures to help

reduce high usage and control home energy costs. At the same time, it will help improve coordination with the federal Weatherization Assistance Program, which is available to households with income at or below 200% FPL.

We are also strongly supportive of the Commission's proposed amendment to section 58.12 to improve the ability of utilities to perform incidental home repairs and/or install critical health and safety measures necessary to facilitate delivery of comprehensive energy efficiency and conservation services in a home.

The Council is further supportive of the Commission's amendments to section 58.2 to include training in the definition of administrative costs. We note that the Commission's regulations cap administrative costs at 15% of the overall budget, which is significantly higher than the administrative budget for other public service programs – leaving ample room for comprehensive workforce development programs. Inclusion of training costs within the 15% administrative cap will help to ensure that LIURP is supporting the growth of quality workforce capable of delivering services to low income families.

Finally, we are supportive of the Commission's proposed amendments to 58.7, requiring utilities to coordinate LIURP services with existing resources in the community. There are many programs that complement the whole home energy efficiency and conservation services provided through LIURP. Effective coordination of these programs will help to address the holistic needs of low income families – helping to improve Pennsylvania's aging affordable housing stock, and improving the health and safety of Pennsylvania families and the vibrancy of Pennsylvania communities.

In addition to our strong support for many aspects of the Commission's proposed regulatory amendments, however, we also recommend the following reforms to improve the equitable availability, accessibility, and targeted reach of LIURP services in all areas of the state.

- ***Revise section 58.4 to ensure LIURP funding is adjusted based on emerging needs.***

Funding for LIURP is critical to help reduce disparities in household energy burden and must be adequate to serve identified needs. We are concerned that certain of the Commission's proposed amendments could serve to erode the availability of funding to support LIURP services and will not adequately account for emerging needs.

First, the Commission is proposing to restrict LIURP funding determinations to Universal Service and Energy Conservation Program Plan (USECP) proceedings, which are only reviewed every five years. We are concerned this restriction does not account for intervening factors, such as an increases in utility rates that may drive increased payment trouble that could be effectively reduced through adjustments to a utility's LIURP. The Council recommends that the Commission strike proposed revisions to section 58.4 that relegate funding determinations to USECP proceedings.

In addition, the Commission's proposed amendments to section 58.4 would eliminate the requirement for utilities to propose a "reasonable" timeline for serving all identified eligible customers. Rather, utilities would only be required to include a "proposed timeline" – without any explicit tie to reasonableness. We recommend the Commission restore the requirement that utilities propose a "reasonable" timeline for serving eligible customers.

The Commission also proposes to add several factors to the funding determination, including consideration of the number of homes “that have already received or are not otherwise in need of program services.” We are concerned that inclusion of these broad factors will result in an underassessment of overarching need and, in turn, will drive funding disparities across the state. LIURP has been operating since 1988. Households that received services many years ago may well be eligible for services again and should not be excluded from a LIURP needs assessment. It is unclear what criteria may be used to determine if a household is “not otherwise in need” of LIURP services. This factor is subjective and could result in the arbitrary exclusion of homes from the overall needs assessment that could benefit from usage reduction services.

Finally, the Council supports the Commission’s proposal to require unspent LIURP funding to be included in the LIURP budget for the subsequent year. We recommend further clarification that this carry-over be in addition to the amount budgeted for LIURP in the subsequent year. If a utility does not fully spend allocated dollars, it is not for lack of need. All allocated LIURP dollars should be spent on the program.

- ***Amend section 58.10 (prioritization of program services) to prioritize households that have experienced a recent termination and encourage improved cross-program coordination.***

The Council supports the Commission’s continued prioritization of households with the highest energy usage and the greatest opportunity to reduce energy bills. However, we are concerned that the Commission’s proposed amendments to section 58.10 will exclude households that experienced a recent termination. In turn, we encourage the Commission to prioritize cross-program coordination, helping leverage scarce program dollars.

First, the Commission proposes to amend section 58.10 to *require* utilities to consider “the number of consecutive service months at the dwelling” in determining whether to prioritize a household for LIURP services. We are concerned that this amendment will exclude households that experienced a recent termination and, in turn, may be in dire need of holistic efficiency services to help control high home energy costs and resolve long-term energy insecurity. We recommend the Commission strike this language from section 58.10 to ensure families struggling with energy insecurity are not inadvertently excluded from receiving LIURP services.

In addition, we encourage the Commission to include an additional factor to section 58.10 to allow prioritization of households for services when coordinated with other energy efficiency and home repair programs, such as Act 129, the Weatherization Assistance Program, the Whole Homes Repair Program, and the new federal Inflation Reduction Act Programs. Allowing prioritization of homes that can be served through leveraged funding will help maximize the delivery of holistic services to low-income families.

- ***Amend section 58.11a (fuel switching) to ensure home energy fuel source determinations are driven by an overall assessment of household energy burden.***

The Commission proposes to amend section 58.11a to allow fuel switching between a gas and electric utility only if “both public utilities agree in writing that fuel switching is appropriate.” (Annex A at 14).

Choice of home energy fuel source should be driven by an assessment of overall household energy burden, not utility preference. Thus, the Council recommends that the Commission revise section 58.11a

to allow LIURP to support fuel switching if the customer consents and the new fuel source will result in the lowest projected *overall* home energy burden, including winter heating and summer cooling costs.

- ***Amend sections 58.11 and 58.14 to ensure LIURP can address efficient cooling needs of low-income families.***

Increasing summer heat is driving a significant increase in critical energy usage necessary for health and safety. Summer cooling costs are in turn increasing – falling hardest on low-income families, who are more likely to live in less efficient homes.

In recent recommendations to the Commission regarding critical Chapter 14 reforms, the Council noted our deep concern that Pennsylvanians have access to affordable cooling services. We explained that researchers at the University of Pennsylvania recently found that approximately 20,000 deaths per year in North America may be linked to hot temperatures.¹ As these researchers concluded, “the burden of extreme heat falls unequally on certain people, [including] ... older compared to younger people, men compared to women, and Black compared to white adults.” Medically vulnerable individuals, including those with heart disease, diabetes, and other chronic illness, are also more vulnerable to the health impacts associated with extreme heat.

In its 2016 Secretarial Letter soliciting comments on potential LIURP reforms, the Commission posed the following question:

“Question 9: With the additional energy burdens associated with warm weather, what if any changes are necessary to place a greater emphasis on cooling needs?” (ANOPR at 79).

In response, the Office of Consumer Advocate (OCA) and the Pennsylvania Energy Efficiency for All Coalition (PA-EEFA) recommended the Commission address cooling needs through its LIURP rulemaking. In contrast, the utilities argued in 2016 that “there was no need to address cooling needs in LIURP regulations.” (*Id.*).

In its NOPR, the Commission proposes to amend section 58.14 to include “air conditioner installations” in addition to replacements, which are authorized under current regulations. (Annex A at 18).

The Council is supportive of the Commission’s inclusion of “air conditioner installations” as an authorized program measure. However, we are concerned this minor amendment does not adequately address the efficient cooling needs of LIURP participants. We recommend further reforms to sections 58.11a and 58.14 to ensure cooling needs are effectively addressed through LIURP.

First, consistent with our more thorough recommendations below regarding fuel switching, we recommend the Commission revise section 58.11a to consider cooling costs in assessing whether to permit a utility to switch fuel sources. Since 2016, there have been tremendous strides in heat pump

¹ [https://www.thelancet.com/journals/lanplh/article/PIIS2542-5196\(21\)00081-4/fulltext](https://www.thelancet.com/journals/lanplh/article/PIIS2542-5196(21)00081-4/fulltext)

technologies, which provide efficient home heating *and* cooling.² These advanced benefits should be expressly considered in determining the most beneficial fuel source for both heating and cooling.

Second, we recommend the Commission further revise section 58.14 to include *space-cooling measures*, in addition to space-heating, water-heating, and baseload end uses. While summer cooling costs do not currently outpace winter heating costs, they are nevertheless a substantial component of home energy needs. The LIURP regulations should more squarely recognize this fact, ensuring greater prioritization of efficient cooling measures as a component of effective home efficiency and weatherization services.

- ***Amend section 58.12 to improve the ability for LIURP to address home health and safety repairs necessary to install comprehensive energy efficiency and usage reduction services.***

The Council strongly supports the Commission’s inclusion of health and safety measures in section 58.12. When health and safety issues prevent delivery of comprehensive energy efficiency and weatherization services, it can compound energy insecurity – preventing those most in need from accessing efficiency, weatherization, and usage reduction services.

Nevertheless, we recommend further amendments to ensure equitable programming across the Commonwealth by imposing more specific requirements for utility health and safety plans. Specifically, we recommend the Commission standardize LIURP health and safety allowances across Pennsylvania to ensure consistent availability of funds to support critical repairs.

Further, the Commission’s proposed amendments to section 58.12 would require utilities to inform customers in writing if deferral is necessary due to health, safety, or structural problems. (Annex A at 15). The Council recommends that the Commission require utilities to actively refer customers to available home repair, social and housing service providers, and/or other relevant programs in the area that could address issues causing the home to be deferred. Utilities should be required to maintain a referral list within its approved USECP.

- ***Further explore how to improve services for households with debts exceeding \$10,000.***

According to the Commission’s most recent Universal Service and Collections Performance Report for 2022, there were 1,926 residential accounts with debts exceeding \$10,000. Two-thirds of those accounts (1,281) are held by confirmed low-income customers – meaning the electric or gas utility *knows* that customer is low income.

The Council recommends the Commission further inquire into the circumstances that led to the high balances, whether high usage was a contributing factor, and whether those customers would qualify for LIURP treatment.

- ***Require utilities to consult with advisory committees.***

The Commission’s proposed revisions to section 58.6 would *require* utilities to consult with “persons and entities with experience in the design or administration of usage reduction programs” – but consultation

² <https://www.aceee.org/press-release/2022/07/analysis-electric-heat-pumps-offer-cheapest-clean-heating-option-most-us>

with a utility's Universal Service Advisory Committee would be *permissive*. We encourage the Commission to *require* utilities to consult with their respective advisory committees regarding potential proposals to modify its LIURP. Utility USACs include a range of community perspectives that should be consulted in developing modifications to a utility LIURP.

Conclusion

The Council believes that the priority reforms set forth above will help to measurably improve the ability for Pennsylvania's most vulnerable households to access comprehensive home energy usage reduction services. The Council is grateful for the Commission's consideration of these critical issues and stands ready to advise the Commission further on this matter.

Respectfully submitted,

A handwritten signature in cursive script that reads "Tim Hennessey". The signature is written in black ink and is positioned above a horizontal line.

Tim Hennessey
Chair
Consumer Advisory Council